

FISCAL NOTE

HB 131 - SB 1182

March 21, 2005

SUMMARY OF BILL: Requires health maintenance organizations to reimburse any health care provider the same amount for equivalent covered services. Requires managed health care insurers to accept any provider within a class who agrees to comply with the terms, conditions, reimbursement rates, and quality standards of the health benefit plan.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Health maintenance organizations will be less able to negotiate reduced rates with providers by producing a greater volume of patients for network participants resulting in increased expenditures to the TennCare program exceeding \$1,000,000 which includes both state and federal funds.

Potential Impact on Health Insurance Premiums (required by TCA § 3-2-111): This bill would require HMOs to provide coverage to healthcare providers without prior referral or approval which would result in the HMO's inability to provide a network of healthcare providers. Open Access HMOs or Open-ended HMOs allow members to have access to providers outside of the network at a higher co-payment and premium to reimburse providers based on a fee schedule or usual, customary, and reasonable charges.

Assumptions:

- Health maintenance organizations (HMO) will be prevented from creating a network of physicians.
- HMOs will be unable to manage care because patients will have direct provider access without prior approval regardless of the need or cost of the services.
- HMOs are able to provide discounted rates to consumers because they build a network of health care providers in order to offer more limited access at lower rates for premiums and co-payments.
- Open access to health care providers would lead to an increase in co-payments and possible premiums for the HMO members.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director